

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 4043

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E.O.11652: N/A

TAGS: ETRD, BEXP, MY

SUBJECT: NATIONAL EXPORT POLICY TASK FORCE

REF: (A) STATE 95673, (B) HONG KONG 5361

(C) KUALA LUMPUR 2740

1. EMBASSY IS PLEASED TO HAVE OPPORTUNITY TO EXPRESS
OUR VIEWS ON THIS IMPORTANT SUBJECT. BEFORE DOING SO,
HOWEVER, WE WOULD LIKE TO GO ON RECORD AS SUPPORTING THE
THOUGHTFUL SUGGESTIONS PUT FORWARD BY HONG KONG IN REF B.
THREE POINTS CONTAINED THEREIN SEEM TO BE OF PARTICULAR
RELEVANCE TO OUR MARKET. FIRST IS THE EXPANDED USE OF
TRADE ASSOCIATIONS IN EXPORT PROMOTION WORK. OUR
COMMERCIAL STAFF HAS NOTED WITH ADMIRATION THE EFFECTIVE
WORK DONE BY OUR AGRICULTURAL COUNTERPARTS IN THE
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COOPERATOR TRADE ASSOCIATION PROGRAM. WE FEEL THAT
MANUFACTURING TRADE ASSOCIATIONS COULD PLAY A GREATLY
EXPANDED ROLE IN THIS AREA -- ONE THAT WOULD BOTH
SUPPLEMENT OUR OWN TRADE PROMOTION EFFORTS AS WELL
AS BREAKING NEW GROUND. SECONDLY, WE SHARE
HONG KONG'S VIEW AS TO THE IMPORTANCE OF U.S.
INVESTMENT ABROAD IN TERMS OF GENERATING AMERICAN

EXPORTS. THIS SEEMS PARTICULARLY TRUE IN TWO AREAS IN MALAYSIA; ELECTRONICS AND PETROLEUM, BUT IS ALSO IMPORTANT IN OTHER AREAS AS WELL. THRIDLY, HONG KONG'S POINT ABOUT THE IMPORTANCE OF LARGE AMERICAN EXPORTERS IS EXACTLY RIGHT. INDEED, ALL OF OUR TRADE PROMOTION PROGRAMS SHOULD HAVE A PLACE FOR THE SMALL OR MEDIUM SIZED COMPANY THAT IS NEW TO MARKET. IN MANY WAYS, WE CAN BE OF THE GREATEST ASSISTANCE TO THESE COMPANIES. HOWEVER, FOCUSING THE MAJOR PART OF OUR ATTENTION ON THESE FIRMS IS NOT THE WAY TO ACHIEVE A SUBSTANTIAL INCREASE IN AMERICAN EXPORTS. WE MUST RELY ON BETTER SUPPORT OUR OWN MULTINATIONALS. THIS IS CERTAINLY THE CASE FOR OUR COMPETITIORS; IT IS NOT THE SMALL JAPANESE OR GERMAN EXPORTER WHO IS BEATING US OUT OF MAJOR SALES IN MALAYSIA BUT RATHER MITSUBISHI AND MERCEDES.

2. FROM OUR OWN PERSPECTIVE IN MALAYSIA, ADDITIONAL SUGGESTIONS COME TO MIND. THE MOST SERIOUS COMMERCIAL PROBLEM WE FACE HERE IS JAPANESE FINANCING OF COMMERCIAL EXPORTS ON AID TERMS. AS REPORTED IN REF C, WE HAVE RECENTLY LOST SOME VERY LUCRATIVE CONTRACTS DUE TO THIS FACTOR. CLEARLY, THE USG SHOULD CONTINUE TO URGE THE GOJ TO UNTIE ITS AID OR AT LEAST TO STOP USING IT AS IF IT WERE AN EXIM TYPE PROGRMA. IF THIS DOES NOT OCCUR, WE BELIEVE THAT THE USG SHOULD LIMITED OFFICIAL USE

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GIVE SERIOUS CONSIDERATION TO SEEKING CONGRESSIONAL APPROVAL FOR DIRECT COMPETITION IN THOSE CASES WHERE AID FUNDS ARE BEING USED FOR COMMERCIAL FINANCING TO THE DETRIMENT OF AMERICAN EXPORTERS. THE MERE EXISTENCE OF SUCH A PROGRAM WOULD LIKELY LEAD TO STEPS TO ENSURE THAT MUTUALLY ACCEPTABLE RULES OF THE GAME WERE AGREED TO BY ALL THE DEVELOPING NATIONS.

3. FINALLY, WE BELIEVE THAT CONSIDERATION SHOULD BE GIVEN TO OPENING A SMALL CONSULATE IN EAST MALAYSIA STAFFED PRINCIPALLY BY AN ECONOMIC/COMMERCIAL OFFICER. THE GOM IS PLANNING TO EXPEND A CONSIDERABLE AMOUNT OF RESOURCES ON INFRASTRUCTURE DEVELOPMENT IN THE NEXT FEW YEARS IN THE TWO EAST MALAYSIAN STATES OF SABAH AND SARAWAK. IN ADDITION, THE OIL RICH SEMI-INDEPENDENT STATE OF BRUNEI IS UNDERTAKING AN AMBITIOUS DEVELOPMENT EFFORT ON ITS OWN. THERE IS THUS UNUSUAL POTENTIAL FOR INCREASED US TRADE IN THE AREA BECASUE OF DISTANCES (THE CAPITAL OF SABAH IS CLOSER TO MANILA THAN KUALA LUMPUR), WE CONTINUE TO HAVE DIFFICULTIES IN SERVICING THIS MARKET ADEQUATELY. CLEARLY, ADDITIONAL OPPORTUNITIES ARE EMERGING IN THESE DYNAMIC AREAS THAT WE MISS OUT ON BECAUSE OF LACK OF PRESENCE

(THE JAPANESE MAINTAIN A CONSULATE IN SABAH). THE
OPENING OF A SMALL OFFICE IN EAST MALAYSIA WOULD BE A
COST-EFFECTIVE WAY OF ENLARGING OUR COMMERCIAL
PRESENCE THERE.
MILLER

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